



WEEKLY REPORT

State Senator Gary Nodler
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WHAT A DIFFERENCE A YEAR MAKES TO THE BUDGET SURPLUS

What a difference a year makes. Last year I received a great deal of criticism from the media and my fellow lawmakers when I said during debate on the Senate floor that the 2004 Fiscal Year budget was not only balanced but that there was a \$317 million surplus.

With the completion of the 2004 budget year, it turns that what I have been saying for more than a year is correct – state government not only has enough money to balance its budget, but as a result of prudent spending there is a surplus.

Republican lawmakers were correct when they held-the-line against Gov. Bob Holden's attempts to raise taxes and dip into the state's Rainy Day Fund.

The gloom-and-doom sayers who predicted a budget deficit in the hundreds of millions of dollars were wrong.

Going into the 2005 Fiscal Year, the Missouri state budget has surpluses totaling \$415 million.

Figures recently released by the Missouri Department of Revenue show that net general revenue collection for FY 2004 grew by 7.1 percent over Fiscal Year 2003.

This growth is all the more notable when compared to Fiscal Year 2002 when collections declined by 2.8 percent, and fell another 4.6 percent in FY 2003. Prior to those years, you would have to go back to the 1950s to find a year when collections declined, much less declined two years in a row.

The failure of the governor's staff to foresee this economic turn-around was predictable. This governor has consistently tried to ignore the traditional methods of developing a budget.

Every January the Senate, the House of Representatives and the governor's office develop a consensus revenue figure, which the budget is based on. Consensus numbers are based on the previous year's revenue and projected economic growth.

Over the last two years, Gov. Holden has tried to turn these consensus numbers into a moving target. Time and time again, the governor has tried to manipulate these figures in an attempt to force the Legislature into raising your taxes.

Fortunately, Republican lawmakers' did not rely on the clairvoyance of the governor.

By listening to members of our budget staff and studying the numbers, I realized a year ago that Missouri was in good fiscal shape. Now everyone else realizes it too.

What a difference a year makes.

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NOTE TO EDITORS: Now that the regular session has ended, future Capitol reports will be sent as needed.